

TENNESSEE GENERAL ASSEMBLY  
FISCAL REVIEW COMMITTEE



**FISCAL MEMORANDUM**

**HB 616 - SB 656**

March 24, 2021

**SUMMARY OF ORIGINAL BILL:** Removes a conflict of interest prohibition regarding purchasing from certain employees and officials of counties operating under the County Financial Management System (CFMS) of 1981.

**FISCAL IMPACT OF ORIGINAL BILL:**

Other Fiscal Impact – The extent and timing of any permissive decrease in local government expenditures cannot reasonably be determined.

**SUMMARY OF AMENDMENT (004062):** Deletes and rewrites language from the original bill such that the substantive change alters the definition of direct and indirect interest.

**FISCAL IMPACT OF BILL WITH PROPOSED AMENDMENT:**

**Unchanged from the original fiscal note.**

Assumptions for the bill as amended:

- Pursuant to Tenn. Code Ann. § 5-21-121, certain county officials, employees, and members of a board of education or highway commission are prohibited from having any direct or indirect personal interest in the purchase of supplies, materials, equipment, or contractual services for the county.
- The proposed language will:
  - Remove employees who are not employed within the finance or purchasing department from this direct interest prohibition; and
  - Authorize all officials and employees to have an indirect interest in the purchase of supplies, materials, equipment, and contractual service if the person publicly acknowledges such interest.
- Removing such prohibitions may result in instances where counties purchase materials or contractual services at a lower cost; however, the timing and extent of any decrease in expenditures will vary based on individual circumstances. Any permissive decrease in local government expenditures cannot reasonably be determined.

**CERTIFICATION:**

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink that reads "Krista Lee Carsner". The script is cursive and fluid.

Krista Lee Carsner, Executive Director

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